

~~SECRET~~

State

MEMORANDUM

Subject: Steering Group Report
Military Assistance Program -
Greece, Turkey, Iran,
Pakistan, and Korea

1. The report deals with two separate issues:
 - (a) The specific programs that we wish to support in these six countries.
 - (b) The general view that we take of United States military assistance to these countries and its relation to economic assistance.
2. The recommendations of the Steering Group seem sound, by and large, with respect to specific programs, although questions of timing and magnitude remain to be resolved.
3. With respect to our general view of MAP: The Steering Group report sets forth one view. To give balance to that view, it is believed the following additional considerations should be borne in mind.
4. Within the framework of these considerations, there is no dispute as to the general desirability of accepting as an objective the reduction of the local military forces and MAP and defense support assistance to the six countries to

the

~~SECRET~~

~~SECRET~~~~- 2 -~~

the levels that we consider optimum for the country concerned after all relevant factors have been taken into account, in order to permit the country to make a greater development effort with its own resources and, hopefully, with increased assistance from us when this is justified and can be obtained from the Congress.

5. Military forces in being in the six countries in question constitute an important part of the total free world military confrontation against the bloc in the cold war. Their significance derives not only from considerations of size and effectiveness but also from their location. It is paradoxical that their existence is in large part the reason we do not expect the direct aggression which would require their utilization. This does not, however, diminish their importance as a deterrent to bloc threats, subversion and aggression.

6. The military forces of these six countries represent a very considerable capital investment on the part of the US, as well as the country concerned, in terms of past expenditures for equipment and training. Once disbanded, the forces could be rebuilt only with great effort and after

a

~~SECRET~~

~~SECRET~~~~- 3 -~~

a considerable period of time and a large investment in comparison with their annual maintenance.

7. We must recognize that the present size of the military establishments of these six countries is not a matter of mere chance or coincidence. Since they have, by and large, been of fairly constant size for a 10-12 year period, they represent the level of forces which the country itself has demonstrated willingness to try to support. The size is also the result of the cumulative judgment, after many re-examinations by various qualified authorities including NATO officials, US Ambassadors, USMAG Chiefs, the Bureau of the Budget, and Congressional Committees over a period of 10-12 years.

8. There is no evidence that the total Bloc military threat, nor the total threat against their countries, is any less now than over the past 10-12 years. This was a conclusion of the Draper Committee in 1958 which is, it is believed, still valid. Total Bloc military capabilities are higher; Bloc threats which could lead to use of force, as typified by the Berlin crisis and Viet Cong aid to South Vietnam, do not create a situation where over-all military preparedness can be relaxed. It is not merely the threat of aggression posed in isolation

to

~~SECRET~~

~~SECRET~~

-4-

to individual countries, although this is the way they are inclined to see it, but their exposure to the general threat. The US is now engaged in a build-up of the conventional strength of its own forces and is encouraging other NATO countries to do likewise. We are also engaged in supporting a military build-up in South Vietnam.

9. There is no evidence, except perhaps in Korea, that the six countries would, even if we reduced MAP assistance and defense support, divert local expenditures from military to development purposes. There is no evidence, except perhaps in Korea, that they would in such case, even with strong urging on our part, reduce the size of their armies.

~~SECRET~~

~~SECRET~~

-5-

10. There is no present subversive or discernible guerrilla threat to these countries which could lead directly to a Communist takeover. There is an internal threat in Iran which could lead to takeover either by the Army or by the Nationalists which might ultimately be exploited by the Communists. However, the pace of development in Iran, which is high and is financed largely by Iran's own oil income, is not considered as important a factor in a potential overthrow of the Shah's regime as the Shah's failure to focus the development on particular segments of the population and to effect necessary social and political changes. There is always present the threat of a new revolution or coup in Korea, although not necessarily because of the large size of the army.

11. It is not believed that US MAP and development assistance should be considered as competitive or as coming out of the same "pocket", although local resources applied to both can be so considered. MAP should, it is

~~SECRET~~

~~SECRET~~

-6-

believed, be considered an extension of our own national defense. Development assistance is basically for political reasons, i.e., to satisfy the desires of the people for development so as to assure internal stability under moderate leaders and adherence to the free world. One long-range development objective is to develop the country's capability to sustain its own military forces without our assistance. However, there is no assurance that any such capability will be developed within these countries for a considerable period say 5 to 10 years. There is no assurance, either, that US funds available for military assistance would, if MAP assistance is cut, be available for development assistance. Both types of funds have their own following in the Congress and tend to be held to fairly arbitrary separate limits.

12. Each of the six countries really represents a separate problem. It is hard to generalize about them. We must in each case differentiate between (a) our desire to reduce our MAP and defense support assistance and the size of the military establishment as being excessive

~~SECRET~~

~~SECRET~~

-7-

and (b) the political cost or risk of achieving this against the wishes of the government concerned--which may in individual cases be greater than we are willing to accept. Too large or precipitate a withdrawal of military assistance could lead the country concerned to turn to neutrality.

13. Of the six countries, the forces in Iran, Pakistan, Nationalist China, and Korea, are considered to be excessive from our standpoint. We are committed to a definite program of MAP to Pakistan for a period of five years, which serves as the limiting factor in considering decreases in military assistance. Current policy toward military assistance to Nationalist China has little room for flexibility. Of the remaining countries, Iran and Korea represent the most likely possibilities of achieving our objective of reduction in forces and assistance, and renewed efforts should be made politically and, where necessary, through the inducement of additional economic development assistance, to bring this about.

~~SECRET~~